

Transcript of President's News Conference on Foreign and Domestic Matters

Following is a transcript of President Reagan's news conference yesterday in Washington, as recorded by The New York Times:

OPENING STATEMENT

Before taking your questions, I want to share with you, just briefly, my reflections on the important events that we've witnessed today.

From Moscow, we've learned of the death of President Brezhnev—a man who played a major role in the world affairs for more than two decades.

Here, in the White House, I met with Phil Habib about our plans to help bring peace to the Middle East, where the opportunity for progress has been fundamentally improved by recent developments in that region.

And also today, the space shuttle was successfully launched. Once again we will expand mankind's opportunities for enriching the earth's experience through peaceful exploration of the Universe.

These events could have a critical impact on our future, a future we face with confidence and resolve.

'Must Always Be Prepared'

If there is a lesson for us, it is that we, as a free people, must always be prepared for change so that when it comes, we're ready to meet new challenges and opportunities.

Our system of government is unique and best able to adapt to change and move forward without disruption or

break in continuity of purpose.

I want to underscore my intention to continue working to improve our relations with the Soviet Union. Two nations bear a tremendous responsibility for peace in a dangerous time: responsibility that we don't take lightly.

Earlier this year, we put forth serious and far-reaching proposals to reduce the levels of nuclear and conventional forces. I want to reaffirm that we will continue to pursue every avenue for progress in this effort.

But we shouldn't delude ourselves: Peace is a product of strength, not of weakness; of facing reality and not believing in false hopes.

Today, we honor American veterans, men and women who, by their courage and dedication, protected our freedom and independence.

In the wake of events in the Soviet Union, we remain hopeful for a better relationship. Conscious of our national interest and determined to remain a free people, I can think of no better day than Veterans' Day to dedicate ourselves to peace and to those things necessary to maintain the peace and to preserve our freedom.

And now, Jim.

QUESTIONS AND ANSWERS

Brezhnev's Funeral

Q. Mr. President, who will be leading the U.S. delegation to Leonid Brezhnev's funeral? If you won't be going, how come you're not going from your personal hopes for peace, do you have reason to believe that the next coming months might see the new Soviet leadership flexing its muscle a bit and a period of increased tension coming about?

A. Well, answering the last part first: No, I don't anticipate that. They make this transition. And we certainly have hope that there won't be anything of the kind.

But with regard to the service, we've had no direct official word yet on anything about the service, although we are in communication directly with them. And it was just a plain case of looking at the schedule, my own schedule calling for visits here by a head of state next week, and it was felt that it would be better for George to head that delegation. But it will be an appropriate and a very distinguished delegation.

Q. It will be the Vice President definitely?

A. That's what?

Q. It will be the Vice President, then, who will be heading the delegation?

A. This is what we're considering now. No final decisions have been made because, as I say, we're waiting for some word about the service.

Q. If there is a period of tension, how would you respond?

A. Well, we've had periods of tension before and I think you just—you can't guess that in advance or what the answer would be except that I think we'd—well, I think we'd continue that search without my attendance at the services.

Gasoline Tax Fund

Q. Mr. President, at your last news conference you said it would take a palace coup for you to approve a five-cent-a-gallon increase in gasoline to build highways and create jobs.

Q. But are you willing to take the first step at this stage, at this juncture?

A. Well, there are some people that I think I look first at or I'm thinking the grain embargo. Have we gotten anything for it?

Q. It's a question on that tax.

A. ... but, on the thing that we're talking about, this talking about is under discussion but it was under discussion a year ago and at that time I asked the Department of Transportation, Drew Lewis, the secretary, to hold off, certainly for another year, because of the economic problems that we face. I don't view this as a job-creating thing, but as a job-creating thing.

Q. But, let's say, a job-creating thing, although, obviously, there would be jobs created by going forward with that effort. But what we're talking about here is also, and we have used the term to try and make people understand what it would be, that if we do it, it is, it would be a user fee. It would be dedicated to the rebuilding of our highways and bridges. It is not a problem that must be solved immediately. I wish the economy were such that we didn't have to worry about it at all. But it is still a problem.

No decision has been made. And if it put into effect, it isn't anything that would in any way reduce the tax on features of our tax cuts because the average individual's tax would only, for that purpose, would only go up about \$10 a year.

See President Favoring It

Q. Sounds like you're leaning toward it and, while I'm on the subject, Mr. President, with 11.8 million people out of work, would you be willing to have some cutbacks in defense spending to help these people who are out of work?

A. Well, Helen, we're doing a number of things to help the people that are out of work. It is true that there are other voices that are being raised in the Congress. We're suggesting that the answer is to go back to things that have been tried before in these periods, namely make-work job programs with the Government taking billions of dollars out of the private sector to spend on these projects. No one has ever noticed or looked to see how many people might have lost employment over the years because of the transfer of funds to those Government projects. The truth is that, over a

seventeen-year period, which includes 1981, a year in which the budget was cut, we inherited this. In 1981, the Government has spent \$69 billion on the kind of job programs that we've had in the past. And we've got it on the Hill. And that \$69 billion got us nothing but an increase in unemployment. It did not resolve the problem.

We can't resolve the problem and really do what is right for the unemployed unless we make the economy sound, expand the economy, and thus create the jobs that we must have.

One of the things that I must just point out, and then I'll quote one of the problems is that the three million of the unemployed are the result of that many new entrants into the workforce over the last two years. And because of the stagnant economy, we did create the three million new jobs for those new entrants into the workforce. And this has got to be one of our great problems, is creating the jobs to keep up with that kind of expansion.

Leslie.

East-West Initiative

Q. Mr. President, the Polish Government announced that they're about to free Lech Walesa and, as you mentioned, Mr. Brezhnev is dead and a new Soviet leader is coming to power. Is there any thought in your mind that this would be a good time to create the three million new jobs that we need to get the economy back to where it was before the war?

A. Well, I don't think that it is a good time to be threatening or anything. And I don't believe that it is a good time to be threatening or anything. I think that it is a good time to be threatening or anything.

Q. But, let's say, a job-creating thing, although, obviously, there would be jobs created by going forward with that effort. But what we're talking about here is also, and we have used the term to try and make people understand what it would be, that if we do it, it is, it would be a user fee. It would be dedicated to the rebuilding of our highways and bridges. It is not a problem that must be solved immediately. I wish the economy were such that we didn't have to worry about it at all. But it is still a problem.

No decision has been made. And if it put into effect, it isn't anything that would in any way reduce the tax on features of our tax cuts because the average individual's tax would only, for that purpose, would only go up about \$10 a year.

Q. But are you willing to take the first step at this stage, at this juncture?

A. Well, there are some people that I think I look first at or I'm thinking the grain embargo. Have we gotten anything for it?

Q. It's a question on that tax.

A. ... but, on the thing that we're talking about, this talking about is under discussion but it was under discussion a year ago and at that time I asked the Department of Transportation, Drew Lewis, the secretary, to hold off, certainly for another year, because of the economic problems that we face. I don't view this as a job-creating thing, but as a job-creating thing.

Q. But, let's say, a job-creating thing, although, obviously, there would be jobs created by going forward with that effort. But what we're talking about here is also, and we have used the term to try and make people understand what it would be, that if we do it, it is, it would be a user fee. It would be dedicated to the rebuilding of our highways and bridges. It is not a problem that must be solved immediately. I wish the economy were such that we didn't have to worry about it at all. But it is still a problem.

No decision has been made. And if it put into effect, it isn't anything that would in any way reduce the tax on features of our tax cuts because the average individual's tax would only, for that purpose, would only go up about \$10 a year.

Q. But are you willing to take the first step at this stage, at this juncture?

A. Well, there are some people that I think I look first at or I'm thinking the grain embargo. Have we gotten anything for it?

Q. It's a question on that tax.

A. ... but, on the thing that we're talking about, this talking about is under discussion but it was under discussion a year ago and at that time I asked the Department of Transportation, Drew Lewis, the secretary, to hold off, certainly for another year, because of the economic problems that we face. I don't view this as a job-creating thing, but as a job-creating thing.

Q. But, let's say, a job-creating thing, although, obviously, there would be jobs created by going forward with that effort. But what we're talking about here is also, and we have used the term to try and make people understand what it would be, that if we do it, it is, it would be a user fee. It would be dedicated to the rebuilding of our highways and bridges. It is not a problem that must be solved immediately. I wish the economy were such that we didn't have to worry about it at all. But it is still a problem.

No decision has been made. And if it put into effect, it isn't anything that would in any way reduce the tax on features of our tax cuts because the average individual's tax would only, for that purpose, would only go up about \$10 a year.

Q. But are you willing to take the first step at this stage, at this juncture?

A. Well, there are some people that I think I look first at or I'm thinking the grain embargo. Have we gotten anything for it?

Q. It's a question on that tax.

A. ... but, on the thing that we're talking about, this talking about is under discussion but it was under discussion a year ago and at that time I asked the Department of Transportation, Drew Lewis, the secretary, to hold off, certainly for another year, because of the economic problems that we face. I don't view this as a job-creating thing, but as a job-creating thing.

we're doing those things that we think are proper. We're not going to go down the dead-end street that just leaves us set up for another recession.

Yeah, Lou.

Military Budget

Q. Mr. President, if I can return to the defense budget question, a number of Republicans, not just those who want to return to policies of the past, have suggested that in the spending budget that it would be good if the Pentagon also participated in this. And some of these have said that in the long run the defense budget would be better if the economy is healthier.

Have you ruled out the possibility that you would modify in any way your call for an increased defense budget, maybe just this one year when the economy is not what you'd like it to be?

A. Well, Lou, it isn't the kind of a budget that you can do for just one year. The various weapons systems and so forth are things that have to go on down the line. You don't just call up a supplier and get a delivery on what it is you want to buy or call him and say send it next month. And you've got to remember that a great share of the defense budget is for the things that the men and women in the armed forces, the pay scale that is now approaching some reasonable level.

But we're looking at everything, and we're not prepared to give any indications yet of what we're looking at. I would have to say that if we're looking, if there are savings that can be made without delaying or setting back what we think is the improvement we must have if we're going to close that window of vulnerability that we inherited. We can't do that. The first and primary function of the Federal Government is the national security.

Chris?

Q. Mr. President, Israel continues to ignore your call for a freeze on settlements on the West Bank. How damaging is Israel's ignoring of that to the peace process? And what are your plans to do about it?

A. Well, Prime Minister Begin is coming here and I'm sure that he and I will have some talks on that, as well as other subjects. We do think that it is a hindrance to what we're trying to accomplish in the peace movement. Obviously, the solution to the Middle East must be what we outlined earlier, and that is to bring the Arab states and Arab leaders and the Israelis together at a negotiating table to resolve the differences between them. And that begins with their recognizing Israel's right to exist as a nation. So we're—I'm still optimistic and that's why Phil Habib is going back there.

Q. Sir, are you prepared to do more than just talk with Prime Minister Begin? Are you prepared to consider any sanctions to force a change in Israel's position?

A. Well, I don't think that it is a good diplomacy to be threatening or anything. And I don't believe that it is a good time to be threatening or anything. I think that it is a good time to be threatening or anything.

Q. But, let's say, a job-creating thing, although, obviously, there would be jobs created by going forward with that effort. But what we're talking about here is also, and we have used the term to try and make people understand what it would be, that if we do it, it is, it would be a user fee. It would be dedicated to the rebuilding of our highways and bridges. It is not a problem that must be solved immediately. I wish the economy were such that we didn't have to worry about it at all. But it is still a problem.

No decision has been made. And if it put into effect, it isn't anything that would in any way reduce the tax on features of our tax cuts because the average individual's tax would only, for that purpose, would only go up about \$10 a year.

Q. But are you willing to take the first step at this stage, at this juncture?

A. Well, there are some people that I think I look first at or I'm thinking the grain embargo. Have we gotten anything for it?

Q. It's a question on that tax.

A. ... but, on the thing that we're talking about, this talking about is under discussion but it was under discussion a year ago and at that time I asked the Department of Transportation, Drew Lewis, the secretary, to hold off, certainly for another year, because of the economic problems that we face. I don't view this as a job-creating thing, but as a job-creating thing.

Q. But, let's say, a job-creating thing, although, obviously, there would be jobs created by going forward with that effort. But what we're talking about here is also, and we have used the term to try and make people understand what it would be, that if we do it, it is, it would be a user fee. It would be dedicated to the rebuilding of our highways and bridges. It is not a problem that must be solved immediately. I wish the economy were such that we didn't have to worry about it at all. But it is still a problem.

No decision has been made. And if it put into effect, it isn't anything that would in any way reduce the tax on features of our tax cuts because the average individual's tax would only, for that purpose, would only go up about \$10 a year.

Q. But are you willing to take the first step at this stage, at this juncture?

A. Well, there are some people that I think I look first at or I'm thinking the grain embargo. Have we gotten anything for it?

Q. It's a question on that tax.

A. ... but, on the thing that we're talking about, this talking about is under discussion but it was under discussion a year ago and at that time I asked the Department of Transportation, Drew Lewis, the secretary, to hold off, certainly for another year, because of the economic problems that we face. I don't view this as a job-creating thing, but as a job-creating thing.

Q. But, let's say, a job-creating thing, although, obviously, there would be jobs created by going forward with that effort. But what we're talking about here is also, and we have used the term to try and make people understand what it would be, that if we do it, it is, it would be a user fee. It would be dedicated to the rebuilding of our highways and bridges. It is not a problem that must be solved immediately. I wish the economy were such that we didn't have to worry about it at all. But it is still a problem.

No decision has been made. And if it put into effect, it isn't anything that would in any way reduce the tax on features of our tax cuts because the average individual's tax would only, for that purpose, would only go up about \$10 a year.

Q. But are you willing to take the first step at this stage, at this juncture?

A. Well, there are some people that I think I look first at or I'm thinking the grain embargo. Have we gotten anything for it?

Q. It's a question on that tax.

A. ... but, on the thing that we're talking about, this talking about is under discussion but it was under discussion a year ago and at that time I asked the Department of Transportation, Drew Lewis, the secretary, to hold off, certainly for another year, because of the economic problems that we face. I don't view this as a job-creating thing, but as a job-creating thing.

Q. But, let's say, a job-creating thing, although, obviously, there would be jobs created by going forward with that effort. But what we're talking about here is also, and we have used the term to try and make people understand what it would be, that if we do it, it is, it would be a user fee. It would be dedicated to the rebuilding of our highways and bridges. It is not a problem that must be solved immediately. I wish the economy were such that we didn't have to worry about it at all. But it is still a problem.

No decision has been made. And if it put into effect, it isn't anything that would in any way reduce the tax on features of our tax cuts because the average individual's tax would only, for that purpose, would only go up about \$10 a year.

Q. But are you willing to take the first step at this stage, at this juncture?

A. Well, there are some people that I think I look first at or I'm thinking the grain embargo. Have we gotten anything for it?

Q. It's a question on that tax.

A. ... but, on the thing that we're talking about, this talking about is under discussion but it was under discussion a year ago and at that time I asked the Department of Transportation, Drew Lewis, the secretary, to hold off, certainly for another year, because of the economic problems that we face. I don't view this as a job-creating thing, but as a job-creating thing.

Q. But, let's say, a job-creating thing, although, obviously, there would be jobs created by going forward with that effort. But what we're talking about here is also, and we have used the term to try and make people understand what it would be, that if we do it, it is, it would be a user fee. It would be dedicated to the rebuilding of our highways and bridges. It is not a problem that must be solved immediately. I wish the economy were such that we didn't have to worry about it at all. But it is still a problem.

No decision has been made. And if it put into effect, it isn't anything that would in any way reduce the tax on features of our tax cuts because the average individual's tax would only, for that purpose, would only go up about \$10 a year.

opportunities. As for taxes on the American people, I think it's time the American people knew that for the last eight years, beginning in 1983, there is going to be a tax increase every year in Social Security tax. Five of the eight years it will simply be for part of the wage earners because their tax increase will come from the increase in the amount of salary or wage that is being taxed. But three of those eight years will also be in addition to that an increase in the rates. I don't think that there's very much more room. More people working for a living today are paying a higher Social Security tax than they are income tax. More people than there are the other way.

Cathy.

Tax Effect on States

Q. Back on the gasoline tax, Secretary Lewis briefed you yesterday. Can we at least tell us what you see as some of the pros and cons of that proposal, particularly the mass transit aspect? And can you make it equitable for all states or will some states bear an unfair burden of that tax?

A. Well, again, as I indicated earlier, we'll have to wait on that one because that one was just presented yesterday. No decision has been made. I understand consideration and deep thought by all of us. And we are faced with the need, both at the local and state level and for our own interstate, the Federal highway system. And the program that has been proposed deals with both those problems. But you'll have to wait and see if we make a, what decision we make.

Q. Well, the fact that you see as some of the pros and cons of that proposal, particularly the mass transit aspect? And can you make it equitable for all states or will some states bear an unfair burden of that tax?

A. Well, again, as I indicated earlier, we'll have to wait on that one because that one was just presented yesterday. No decision has been made. I understand consideration and deep thought by all of us. And we are faced with the need, both at the local and state level and for our own interstate, the Federal highway system. And the program that has been proposed deals with both those problems. But you'll have to wait and see if we make a, what decision we make.

President Reagan with Raymond Weeks, who was instrumental in establishing Veterans Day, at the White House.

Veterans Day, at the White House.

U.S. Opportunities

Q. Sir, you like to describe yourself as an optimistic man who sees opportunities instead of problems. And in that light, I'd like to hear what you see in the opportunities that the United States now has, with the death of President Brezhnev.

A. Well, the fact that you see as some of the pros and cons of that proposal, particularly the mass transit aspect? And can you make it equitable for all states or will some states bear an unfair burden of that tax?

A. Well, again, as I indicated earlier, we'll have to wait on that one because that one was just presented yesterday. No decision has been made. I understand consideration and deep thought by all of us. And we are faced with the need, both at the local and state level and for our own interstate, the Federal highway system. And the program that has been proposed deals with both those problems. But you'll have to wait and see if we make a, what decision we make.

Q. But, let's say, a job-creating thing, although, obviously, there would be jobs created by going forward with that effort. But what we're talking about here is also, and we have used the term to try and make people understand what it would be, that if we do it, it is, it would be a user fee. It would be dedicated to the rebuilding of our highways and bridges. It is not a problem that must be solved immediately. I wish the economy were such that we didn't have to worry about it at all. But it is still a problem.

No decision has been made. And if it put into effect, it isn't anything that would in any way reduce the tax on features of our tax cuts because the average individual's tax would only, for that purpose, would only go up about \$10 a year.

Q. But are you willing to take the first step at this stage, at this juncture?

A. Well, there are some people that I think I look first at or I'm thinking the grain embargo. Have we gotten anything for it?

Q. It's a question on that tax.

A. ... but, on the thing that we're talking about, this talking about is under discussion but it was under discussion a year ago and at that time I asked the Department of Transportation, Drew Lewis, the secretary, to hold off, certainly for another year, because of the economic problems that we face. I don't view this as a job-creating thing, but as a job-creating thing.

Q. But, let's say, a job-creating thing, although, obviously, there would be jobs created by going forward with that effort. But what we're talking about here is also, and we have used the term to try and make people understand what it would be, that if we do it, it is, it would be a user fee. It would be dedicated to the rebuilding of our highways and bridges. It is not a problem that must be solved immediately. I wish the economy were such that we didn't have to worry about it at all. But it is still a problem.

No decision has been made. And if it put into effect, it isn't anything that would in any way reduce the tax on features of our tax cuts because the average individual's tax would only, for that purpose, would only go up about \$10 a year.

Q. But are you willing to take the first step at this stage, at this juncture?

A. Well, there are some people that I think I look first at or I'm thinking the grain embargo. Have we gotten anything for it?

Q. It's a question on that tax.

A. ... but, on the thing that we're talking about, this talking about is under discussion but it was under discussion a year ago and at that time I asked the Department of Transportation, Drew Lewis, the secretary, to hold off, certainly for another year, because of the economic problems that we face. I don't view this as a job-creating thing, but as a job-creating thing.

Q. But, let's say, a job-creating thing, although, obviously, there would be jobs created by going forward with that effort. But what we're talking about here is also, and we have used the term to try and make people understand what it would be, that if we do it, it is, it would be a user fee. It would be dedicated to the rebuilding of our highways and bridges. It is not a problem that must be solved immediately. I wish the economy were such that we didn't have to worry about it at all. But it is still a problem.

No decision has been made. And if it put into effect, it isn't anything that would in any way reduce the tax on features of our tax cuts because the average individual's tax would only, for that purpose, would only go up about \$10 a year.

Q. But are you willing to take the first step at this stage, at this juncture?

A. Well, there are some people that I think I look first at or I'm thinking the grain embargo. Have we gotten anything for it?

Q. It's a question on that tax.

A. ... but, on the thing that we're talking about, this talking about is under discussion but it was under discussion a year ago and at that time I asked the Department of Transportation, Drew Lewis, the secretary, to hold off, certainly for another year, because of the economic problems that we face. I don't view this as a job-creating thing, but as a job-creating thing.

Q. But, let's say, a job-creating thing, although, obviously, there would be jobs created by going forward with that effort. But what we're talking about here is also, and we have used the term to try and make people understand what it would be, that if we do it, it is, it would be a user fee. It would be dedicated to the rebuilding of our highways and bridges. It is not a problem that must be solved immediately. I wish the economy were such that we didn't have to worry about it at all. But it is still a problem.

No decision has been made. And if it put into effect, it isn't anything that would in any way reduce the tax on features of our tax cuts because the average individual's tax would only, for that purpose, would only go up about \$10 a year.

Q. But are you willing to take the first step at this stage, at this juncture?

A. Well, there are some people that I think I look first at or I'm thinking the grain embargo. Have we gotten anything for it?

Q. It's a question on that tax.

A. ... but, on the thing that we're talking about, this talking about is under discussion but it was under discussion a year ago and at that time I asked the Department of Transportation, Drew Lewis, the secretary, to hold off, certainly for another year, because of the economic problems that we face. I don't view this as a job-creating thing, but as a job-creating thing.

Arms Control

Q. As you may recall, last June in Berlin you talked about the nature of the arms control process and put forward the idea that this might be a new initiative that the Administration could consider in arms control deals. I wonder whether in your planning for next year you have some arms control proposals in mind?

A. Well, all of these things are in the works and that's why we have three teams negotiating, one on the matter of conventional arms, one on the matter of strategic missiles and the other on the matter of the I.N.F. zero option. I announced a year ago, I'll tell you what I'd rather ask you to do and wait for it in the very near future I am going to be speaking in a major address on that entire subject.

Jerry?

Q. Thank you, Mr. President. You said in September that you could not determine how long American marines would remain in Lebanon. But you think it's time to give the American public an indication of how long they'll be there?

A. Jerry, I wish I could. This is one of the reasons why Phil Habib is going back over there and take charge of the situation. And here we are, proposed, is that one requires, of course, the ability of the new administration in Lebanon to stabilize and to be able to take charge of its own internal affairs as quickly as possible, also, the removal of all foreign forces from Lebanon and the way our multinational force is there. I don't give you a close-out date on that. But I can tell you that we're trying to push as fast as we can on the two things that must happen. And that is the ability of the Lebanese Government to heal the wounds and bring their people together and have control, but also it hinges on getting the three foreign factions, the P.L.O., the Syrians and the Lebanese, to get together and be pushing on that as fast as we can.

Q. If I could follow that, is there any possibility that the troops might be home for Christmas?

</